House, double weightage is given on free on Board or Net Foreign Exchange basis on exports to Latin American countries provided such exports are made in freely convertible currency.

Demand for domestic products

1793. SHRI NANDIYELLAIAH:
DR.T. SUBBARAMI REDDY:

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the demand for domestic products in the year 2002-2003 has been extremely low;

(b) If so, whether Government's attention has been drawn to the news-item captioned "Global slow down to affect domestic demand exports", which appeared in the Economic Times dated the 19th August, 2002;

(c) if so, Government's reaction to this report; and

(d) the steps Government propose to take to improve the demand for domestic goods in the country as also their exports?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (DR. RAMAN SINGH): (a) The demand for industrial products as reflected in the growth of industrial production, has shown recovery since the beginning of the current fiscal year (2002-03). As per the latest data available on Index of Industrial Production (IIP), Indian industry grew by 5.2% during April-September 2002-03 as compared to 2.4% in April-September 2001-02. The growth during September, 2002 has been 6.1 % as against 2% in September, 2001.

(b) Yes, Sir.

(c) The report titled "Global slowdown to affect domestic demand, exports", which appeared in the Economic Times dated 19th August, 2002 raises concern over moderation of domestic demand and exports due to weak monsoon and downward revision of global growth forecasts. The impact of poor monsoon is felt after a lag. As of now, there are no indications of slowdown in demand of domestic products and exports due to poor rainfall. As per the latest data available, there is growth in industrial

production and exports. Industrial production grew by 5.2% during April-September as compared to 2.4% during April-September 2001 -02. Exports have also grown by 13.67% during April-October 2002-03 as compared to a targeted growth of 12% set by the Government for 2002-03.

(d) The Government has taken measures to improve performance of industrial sector and exports. Some of these measures are mentioned below:

* Department of Industrial Policy and Promotion has entrusted sector-wise studies in respect of capital goods, pulps and paper and cement industries to organisations of international repute with a view to enhance the competitiveness of these industries.

* Kelkar Committee for Direct taxes and for Indirect taxes has recommended reforms, which are expected, *inter alia,* to reduce transaction costs by 50%.

* The RBI has continued its cheap money policy in its Mid-term review of monetary and credit policy for 2002-03. It has announced series of measures for developing technological and institutional infrastructure of the financial sector and for improving the credit delivery system.

* The RBI has cut Cash Reserve Ratio (CRR) to 4.75 per cent from 5.0 per cent, a move that will ease the liquidity position further.

* The draft Electricity Bill has been introduced in the Parliament for facilitating comprehensive power sector reforms.

* The Union Budget 2002-03 has made allocations towards some of the major schemes, which will boost demand especially in construction, housing, steel, and cement sectors. These schemes include PM'S Gram Sadak Yojana, Infrastructure Equity Fund, Urban Reform Incentive Fund, City Challenge Fund, and Accelerated Power Development Reform Programme.

* Medium term Export strategy for 2002—07, lays stress on effective tax rebate schemes to help exporters. Sector-wise strategies to boost production for exports in key sectors, which include engineering/electronic/electrical and allied, textiles, gems

and jewellery, chemicals and allied sector have also been announced in the Medium Term Export Strategy.

* RBI in its Mid-term review of monetary and credit policy for 2002-03 has announced measures for imparting flexibility in the repayment of export credit and to increase flow of credit to export sector.

* The Government has announced schemes like Assistance to States for Infrastructure Development for Exports (ASIDE), establishing of Agriculture export zones, strengthening of Market Access Initiative (MAI) ane Special Economic Zones (SEZs) to boost exports.

Assistance to State Governments for setting up SEZs

1794. SHRI. CO. POULOSE:
SHRI PRASANTA CHATTERJEE:

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether Government have given assistance to the State Governments for setting up Special Export Zones in the country;

(b) if so, the number of zones intended to be set up. State-wise:

(c) whether Government have received any request from the Government of Kerala for Central assistance in this regard; and

(d) if so, the action taken by Government thereon?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI RAJIV PRATAP RUDY): (a) and (b) So far, the Central Government has not given any assistance to the State Governments for setting up Sepecial Economic Zones (SEZs) in the country. State-wise list of SEZs approved to be set up is enclosed as Statement *{See* below).

(c) No, Sir.

(d) Does not arise.